TESTIMONY OF

ACTING COMMISSIONER OF TRANSPORTATION

ANNE P. CANBY

BEFORE THE

CAPITAL BUDGETING AND PLANNING COMMISSION

NOVEMBER 13, 1981

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I appreciate this opportunity to address the Commission on New Jersey's transportation capital needs over the next several years.

As you know, New Jersey has an extensive and heavily used transportation system, although much of it is old. Every day, New Jersey's Statewide transit system carries 70,000 rail passengers for a total of 2.8 million passenger miles, and 250,000 bus passengers for a total of 3.2 million passenger miles. Our highways support 50 million trip miles every weekday. Our highways and freight rail track combined carry 200 million ton miles of goods a day.

New Jersey has begun to move from the large scale new road building of the previous post-war decades to an era of major focus on rehabilitation and improvement of existing systems, both highway and transit, a scaling down of project plans and proposing construction of only the most critical missing links in our highway system, rehabilitation of transit facilities and transit equipment replacement. This approach is dictated by the realities of changing conditions including concerns about the stability of energy price and supply and the need for conservation; heightened environmental sensitivity; land use issues, including the cost of urban sprawl; the economic viability of our cities; and a shrinking level of State and federal dollars for transportation. At the same time we must work to ensure a functioning transportation network of highway, transit, rail and aviation facilities to support economic growth and revitalization.

This last point is one that I believe is frequently overlooked by the general public in assessing the economic value of transportation capital investment. The most common

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economic measurement used is the number of jobs generated by the actual construction. However, it is the completed transportation improvement that generates far greater positive economic impacts. Or, more to the point, it is the transportation problems that go unresolved that cause negative economic impacts. The longer we ignore our transportation system the graver the impacts will be on our State's economy.

The family that is considering a move to New Jersey or the firm that is thinking about relocating to or starting up in New Jersey must consider transportation as a major factor in their decision. And, of course, our current residents, businesses and industries, as well, demand a high level of transportation services to maintain their economic competitiveness.

Bridges that are posted for weight limits, poor road surfaces, antiquated public transit equipment and facilities, and inadequate rail freight and aviation services detract from our ability to compete with other states and to make economic progress. Historically, transportation has been a key factor in New Jersey's social and economic development, and it will be a key factor in our decline in the very near future if we cannot find the means to meet the needs that we have documented for the next seven years.

The seven-year capital plan is designed to provide for safe, efficient movement of people and goods while promoting economic recovery, energy conservation and urban revitalization. The plan for the Department of Transportation and NJ TRANSIT from fiscal 1983 through fiscal 1989 totals $4.9 billion, requiring a total of $2.7 billion in State budget funds during that period. The balance

is anticipated federal aid for transportation, some funds for transit from the Port Authority of New York and New Jersey, and the remaining 1979 Transportation Bond Issue funds.

I know you have heard this before, but it bears repeating here that the 1979 Bond Issue was designed as a four-year stop-gap measure. It is providing desperately needed capital funds for some of the most critical projects, as intended, but these funds will be exhausted by the middle of fiscal 1983, the first year of the seven-year plan.

I will focus my comments here on the request for 1983, but you, of course, have the materials breaking down each of the seven years and I would be happy to answer any questions about any portion of the plan. I would note that for the first time we have provided a breakdown of highway dollars by type of work, in addition to source of funding.

The capital plan for the Department of Transportation and NJ TRANSIT for fiscal 1983 totals $1.09 billion, requiring $327 million in State budget appropriations.

RAIL FREIGHT

The capital plan for fiscal 1983 includes $18.7 million in State budget funds requested for rail freight, an area of critical immediate concern in New Jersey as well as other states currently served by Conrail. As a result of Congress' mandate that Conrail become profitable by 1983, this federally subsidized railroad company is moving to abandon less profitable lines.

Conrail has already announced that 43 freight lines serving 86 shippers in New Jersey are candidates for abandonment and is currently studying 40 other lines serving over 400 New Jersey shippers to determine whether they should be considered for abandonment or "corrective action," a term used to describe service changes, car surcharges, or other measures that would improve Conrail's financial picture.

The potential for abandonment of freight lines would force New Jersey businesses now served to shift to truck shipment or, in some cases, to cease operations, and the same potential exists for lines that might be subject to "corrective action."

New Jersey has been gathering data and examining options since last spring and we are ahead of most states in planning, although six months

We are currently conducting meetings throughout the State with local officials and freight shippers to brief them on the status of Conrail's activities and to explore options to prevent permanent rail abandonments. We are also in the process of contracting for special expertise to help our staff to develop a core rail freight system plan in New Jersey that would identify

those lines that are absolutely essential to continue. The request for $18.7 million, is our current estimate of the amount that would be required for acquisition and/or rehabilitation of what we consider at this time to be essential lines. It is anticipated that this amount would be supplemented to some extent by shippers and local governments.

In order to develop solutions to the rail freight problems, it will take a close working relationship between the public and private sectors. It will call for the development of a specific solution for each specific line. This will mean innovative financing schemes as well as creative operational planning.

In no way do we invision the State purchasing right-of-way, rehabilitating the lines and then providing the service. We will at first be looking for a total private sector solution. If this is not feasible, we will provide assistance so that vital rail freight lines are preserved and not sold off by Conrail for non-transportation uses.

If rehabilitation costs of a critical line are beyond the financial capabilities of the shippers, we will look at bringing the line up to a proper service level and based on the criticality of the line, work out a financing program which could involve total State funding or a State loan with eventual pay back by the shippers.

INTERSTATES

New Jersey is working against a federal deadline of final environmental impact statement submissions by September 1983, and actual construction start by September, 1986 for interstate projects to be built with federal funds.

The capital plan for fiscal 1983 requires $18 million in State appropriations to match $162 million in federal funds for interstate work to be done during the year. If these State matching funds are not provided, New Jersey will temporarily lapse

federal funds. This means that the money in the Highway Trust Fund will go to other states that provide the match in fiscal 1983. New Jersey could still match these funds in the future but they will be available to us at a slower pace. This work is ready to go in fiscal 1983, and delay will increase the overall project costs. The work includes the start of engineering for the 20-mile I-287 link in Morris, Passaic and Bergen Counties, for which we hope to have federal design approval by mid-1982; first construction start on the final section of I-195 in Mercer County, which is part of the Trenton Complex; first construction start of the I-78 missing link in Union County, and right-of-way acquisition start for I-295 in Mercer County, also part of the Trenton Complex, and engineering for I-295 in Gloucester County.

In addition, about $5 million is requested to match $15.7 million in federal interstate rehabilitation funds which are annually apportioned to New Jersey.

STATE HIGHWAYS

For State highways, excluding the interstate system, the plan for fiscal 1983 proposes $333 million, requiring $155 million in State budget funds, with the balance made up of 1979 Bond Issue and federal funds. A total of 60% of that amount would be used for improvements to the existing system, highway reconstruction and rehabilitation, bridge rehabilitation and replacement, resurfacing, widenings at congestion points and other similar projects.

The other 40% of the funds would support work on new road alignments that, like interstate sections, have been needed and planned for years. A total of $124 million is included in this category, requiring $95 million in State funds in fiscal 1983.

These include for example, Route 55 in Gloucester, engineering for Route 20 to the Paterson business district; engineering for Route 24 in Morris County; Route 129 in Mercer County, also part of the Trenton Complex; and Route 169 and 185 in Hudson County. Practically speaking, these State highways and others included in the seven-year plan represent the final winding down of new State road building in New Jersey. If we do not provide the necessary funds each year to complete them as scheduled, it is conceivable that inflation will drive their total cost to a point where they will never be completed.

I would like to focus on the major areas included in the plan for improving the existing State highway system.

Resurfacing

New Jersey has 10,371 lane miles of road surface, asphalt and concrete, and it takes the heaviest beating of any road system in the country carrying 50 billion vehicle miles of traffic a year compared to the average among the states of 29 billion. To keep those road surfaces in good condition would require resurfacing of 1,500 lane miles every year. We currently are able to do only 385 lane miles annually. The $21 million resurfacing program in the capital plan for fiscal 1983 will provide resurfacing 470 lane miles. A total of $5 million in State budget funds is required, with the balance of $16 million coming from federal and 1979 Bond Issue funds. Scheduled for resurfacing in fiscal 1983 are worn out stretches of such highways as: Route 41 in Gloucester County; Route 46 in Morris County; Route 49 in Salem and Cumberland; Route 40 in Atlantic; and Routes 1 & 9 in Essex and Union.

Highway Reconstruction/Rehabilitation

Highway reconstruction and rehabilitation is included in the fiscal 1983 plan for $11 million, $6 million from the State budget and $5 million from federal and 1979 Bond Issue funds. These projects involve major multi-faceted work i.e. removing and rebuilding sub-base material before resurfacing; resurfacing combined with necessary drainage and curbing improvements; shoulder and sidewalk improvements and center median barrier installation.

Some of the major projects included for 1983 are various phases of work on: Route 17 in Bergen County; Route 18 in Middlesex; Route 70 in Burlington; Route 94 in Warren; Route 70 in Camden, Route 571 in Mercer and Route 182 in Hunterdon.

Bridges

The plan includes $50 million for 73 projects in fiscal 1983 involving rehabilitation or replacement of deteriorating bridges throughout the State highway system. There are 2,283 bridges on the State system and 257 require major rehabilitation or replacement. A total of $18 million is required from State appropriations, with the $32 million balance provided by federal and 1979 Bond funds. Many of our bridges are more than 50 years old and all of them require major rehabilitation on a regular cycle. We have not had the funds to adhere to any reasonable cycle, and, as a result, many bridges are past economic repair and must be replaced. Not a month goes by that there is not some level of crisis involving a bridge -- whether it is the recent barricading by local officials of an old wooden bridge over Conrail in West

Windsor or the discovery through inspection that the Route 3 bridge in Rutherford, which carries 100,000 vehicles a day, requires $2 million in structural repairs not previously planned.

Some of the bridge projects included for fiscal 1983 are: Route 1 & 9 over Morses Creek in Union County; Route 15 over Paulins Kill in Sussex; Route 88 over the inland waterway in Ocean; Route 33 over Matawan Creek in Monmouth; Route 46 over Rockaway River and railroad in Morris; and Route 46 over Passaic River in Bergen.

Widenings

Widening of overcapacity roadways that cause severe congestion and clog access to major urban centers is included in the fiscal 1983 plan for $62 million for various work stages i.e. engineering, right-of-way, or construction. A total of $50 million of this amount would be provided from federal and 1979 Bond funds, with the remaining $12 million required from State budget appropriations.

These trouble spots are well-known to motorists and include Route 9 dualization in Monmouth, Route 1 approaches to Green Street Circle in Union and Middlesex, Route 1 & 9 approaches to the Bayway Circle in Hudson, dualization of Route 23 in Passaic and Morris, Route 38 in Burlington, Route 31 in Hunterdon, and Route 322 in Gloucester.

TSM

Transportation Systems Management, known as TSM around the country, is a term used to describe a variety of relatively low-cost, high-yield transportation improvements, and is a natural outgrowth of the lack of funds to provide elaborate solutions to

transportation problems. One of the most publicized examples in New Jersey has been the intersection of Route 4 & 17 where a $10 million program of bridge and road widening, channelized traffic and extensive signing is being put in place, rather than a $100 million triple-tiered intersection that had been hoped for for years without any real prospect of funding. Construction of bus lanes on Route 9 is another example of TSM.

The fiscal 1983 capital plan calls of $23 million for TSM improvements ranging from Route 4 ramp revisions in Bergen County, and intersection improvements on Route 23 in Sussex and Route 27 in Somerset-Middlesex, to channelization of traffic at the Ellisburg Circle in Camden and a traffic control system for the Somerville Circle. The plan proposes $2 million in Bond funds, with the remaining $21 million from State budget appropriations.

State Aid

The capital plan for fiscal 1983 includes $10.5 million in State budget appropriations required to match $38.7 million in federal funds for work on federally-eligible local roads and bridges. A total of 7,000 miles of the 30,000 miles of local roads in the State are eligible for federal funding. The remaining miles must depend solely on local property tax resources.

The plan also proposes $51 million in State budget funds for a new program to assist counties and municipalities in dealing with problems involving all types of transportation - road, transit, paratransit, and local rail freight and airports, both of which will be discussed later. These funds would be available to counties and municipalities on an applications basis within the overall application of a formula, yet to be determined.

Counties and municipalities have been hard-pressed in recent years to deal with local transportation needs, as a result of budget cap laws. While the new program would not be limited to roads, a good example of the magnitude of the local crisis is the fact that we received more than $450 million worth of applications for $48 million from the Bond Issue for repairs to roads not eligible for federal aid.

New Jersey was one of the first states in the nation to provide State aid for local transportation, and our local governments need help now, perhaps, more than ever before.

PUBLIC TRANSIT

The $378 million capital plan for fiscal 1983 requires only $7.8 million in State budget funds for public transit because, in addition to funds from the 1979 Bond Issue, NJ TRANSIT is supporting its 1983 capital program with funds from the Port Authority of New York and New Jersey which attract federal funds in a package known as TRANSPAC. However, just as the highway program will be out of bond funds in 1983, so will NJ TRANSIT have exhausted both bond and TRANSPAC dollars in 1984 to match federal funding for transit capital, which has also been reduced by budget cutting in Washington.

The $7.8 million for fiscal 1983 will be used for major rail construction and rail support facilities and equipment and rail passenger facilities.

The overall transit capital program includes $127 million for bus facilities and equipment and $250 million for rail facilities and equipment. Major projects include the scheduled completion of electrification on the North Jersey Coast Line from South Amboy to Matawan; Newark Subway equipment overhaul; rail equipment; the Camden Transportation Terminal; bus purchase and rehabilitation; bus and rail park and ride lots; bus shelters and other passenger facilities, and rail station improvements.

AIRPORT DEVELOPMENT

The State Airport System Plan has identified 33 existing airports as vital to accomodate demand, with the remaining 34 designated alternates, and forecast the need for development of an additional strategically located airports, to serve demand projected by 1995.

In order to preserve the existing airports, which contribute an estimated 1.5 billion a year to our economy and have become a major consideration in attracting business, industry and tourism trade, the capital plan includes $18 million in fiscal 1983 for improvements at public-owned airports, purchase of privately-owned airports for conversion to public ownership, and improvements to privately-owned commuter service airports.

New Jersey is one of only three states that does not provide any financial assistance to airports, and, as a result, the physical condition of the 14 publicly owned and 53 privately-owned public use airports (not including the Port Authority's Newark International Airport) have deteriorated in recent years.

The publicly-owned airports are eligible for 90% federal funding for capital improvements, but the counties and municipalities that own them have been hard-pressed under the budget cap laws to provide the required 10% match to obtain those federal dollars. The privately-owned public use airports do not have any source of funding to assist in making needed capital improvements. Consequently, 14 of these privately owned airports are currently for sale and there is a good possibility that they will be lost as airports.

Without State assistance, our airports will continue to

decline and eventually be sold off for non-aviation purposes.

To summarize, the capital request I have outlined for fiscal 1983 requires $318 million in State budget appropriations, compared to the fiscal 1982 budget level for transportation capital of $12 million. While the amount required next year is large, I assure you that this plan is not a "wish list" or an attempt to do all things for all people in the area of transportation. The plan lists work that can be done in fiscal 1983. The projects on this list have a long history of commitment within the Department and NJ TRANSIT, based on technical aspects, as well as, compatibility with the overall transportation goals I have described. Every one of these projects represents a real need, a public demand to meet that need, and a realistic plan of work that can be accomplished in fiscal 1983, if the necessary State funds are provided. I might add that if we had a dollar for every citizen letter we received urging that these projects become reality, the funding gap would be substantially reduced. I share the level of frustration common to all of these letters in that highway and transit projects long-since justified that have never reached the design drawing boards, or have reached them and never moved any further, for lack of funds.

New Jersey must face the fact that two decades of inadequate annual funding for transportation, with temporary relief only in the form of two bonds over 13 years, has given us just what we paid for - a system that is deteriorating and constantly fails to meet our travel needs. The consequences of this fiscal policy are the exact opposite of our goals - energy waste instead of conservation; congestion instead of free-flowing traffic; unreliable transit equipment instead of dependable, comfortable service people can count on; declining rather than recovering

urban centers; economic development opportunities lost rather than seized; and less mobility for our citizens not more.

How do we deal together with our dilemma. I believe that we must have a secure and dedicated source of annual funding for transportation that would provide for efficient orderly planning and execution of the rebuilding of our system.

If we continue to ignore the reality of our aging infrastructure we must have the courage to reconcile the demands for projects with the resources available. We must be prepared to greatly reduce or abandon construction of new roads and any thought of expanding our rail and bus system, so that we can apply the limited dollars available to preserving the most essential and heavily used road and rail systems.

Additional bonding would not be my choice for the solution to our problem This is a temporary fix when our problem is ongoing in nature. Our public infrastructure requires a continuous level of investment, and bonds simply cannot provide the level of support we need.

I am optimistic despite the other pressures on our overall State fiscal situation, that we will act to provide the necessary funds to give New Jersey's citizens the kind of transportation system they deserve. I hope we can work together in developing a solution.

I will be happy to try and answer any questions you might have.

SUMMARY BY FUNCTION

(millions of dollars)

	FY83	FY84	FY85	FY86-89	Total
Public Trans.	378	219	147	286	1030
Highways	570	563	495	1523	3151
State Aid	102	94	94	377	667
Freight	19	3	3	2	27
Other	24	18	18	-	60
Subtotal	1093	897	757	2188	4935
Less:					
Federal	594	481	421	1102	2598
Bond	120	-	-	-	120
Other	52	27	-	-	79
Total Reg.	327	389	336	1086	2138

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